

Message Text

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20

ACTION EUR-12

INFO OCT-01 ISO-00 HUD-02 EB-07 AID-05 L-03 COME-00 TRSE-00

CIAE-00 INR-07 NSAE-00 JUSE-00 FTC-01 IO-10 /048 W

----- 087324

R 312235Z OCT 75

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 7952

UNCLAS OTTAWA 4113

E.O. 11652: N/A

TAGS: EIND, CA

SUBJ: GOC INTEREST IN HUD'S SUSPENSION ACTION AGAINST CANADIAN
FIRM

1. GOC DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE (ITC)
HAS APPROACHED EMBASSY OFFICIALLY FOR ASSISTANCE IN CASE INVOLVING
DESCON INTERNATIONAL SYSTEMS, LTD., CANADIAN BASED HOUSING SYS-
TEM PRODUCING COMPANY, WHICH CLAIMS INTS U.S. AND CANADIAN OPER-
ATIONS HAVE BEEN SERIOUSLY JEOPARDIZED BY HARASSMENT AND ILLEGAL
ACTIONS TAKEN BY U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOP-
MENT (HUD) AND THIS HAS DEPRIVED COMPANY, NOW IN SERIOUS FINAN-
CIAL DIFFICULTIES, OF ABILITY TO DO FURTHER BUSINESS IN U.S.
AS WELL AS ELSEWHERE.

2. ACCORDING TO OCTOBER 30 LETTER FROM ITC (BEING POUCHED
ATTENTION EUR/CAN), DESCON INTERNATIONAL (FORMERLY DESCON
SYSTEMS LTD) HAD DISPUTE OVER CONTRACT INTERPRETATION AND CASE
NOW BEFORE HUD BOARD OF CONTRACT APPEALS FOR ADJUDICATION.
DESCON PLACED UNDER SUSPENSION BY HUD DECEMBER 1973. SINCE
SUSPENSION, AS DEFINED BY HUD REGS, IS "DRASTIC ACTION TAKEN
WHEN THERE IS SUSPICION OF FRAUD OR OTHER CRIMINAL CONDUCT
IN GOVERNMENT BUSINESS OR CONTRACTUAL DEALINGS AND AS SUCH SHALL
NOT BE BASED UPON UNSUPPORTED ACCUSATION," DESCON MAINTAINS
SUSPENSION SHOULD NOT HAVE BEEN IMPOSED SINCE NO CRIMINAL ACTION
INVOLVED. COMPANY CONTENDS HUD OFFICIALS HANDLING CASE HAVE
ARBITRATILY DELAYED ACTION ON SUSPENSION ISSUE UNTIL SUCH TIME
AS DEBARMENT PROCEEDINGS ARE COMPLETED. FURTHER CLAIMS IT IS
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NOT RECEIVING FAIR TREATMENT AND ASKED THAT MATTER BE REV-

VIEWED AT HIGHEST LEVEL IN HUD.

3. ITC HAS ASKED EMBASSY TO TAKE UP MATTER ON URGENT BASIS
WITH APPROPRIATE U.S. OFFICIALS.

4. EMBASSY WOULD APPRECIATE DEPARTMENT'S RAISING MATTER WITH
HUD AND PROVIDING INFORMATION ON WHICH TO BASE REPLY TO ITC.
PORTER

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DISPUTES, CONTRACTS, BUSINESS FIRMS, FRAUDS
Control Number: n/a
Copy: SINGLE
Draft Date: 31 OCT 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975OTTAWA04113
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750379-0819
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975101/aaaaaapi.tel
Line Count: 69
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: buchant0
Review Comment: n/a
Review Content Flags:
Review Date: 28 OCT 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 OCT 2003 by MaustMC>; APPROVED <03 FEB 2004 by buchant0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOC INTEREST IN HUD'S SUSPENSION ACTION AGAINST CANADIAN FIRM
TAGS: EIND, CA, US, ITC, HUD, DESCON INTERNATIONAL SYSTEMS LTD
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006